SUBMISSION FROM HIGHLAND COUNCIL

Spending Review – Request for written evidence

1. The Spending Review provides a budget settlement for local government for the three-year period until 2015. The Committee would welcome your views on how helpful the three-year settlement is for your planning and management of—

- Your budgets over the next three years;
- The Community Planning Partnership strategy and its Single Outcome Agreement and, especially, how to evaluate achievements on outcomes; and
- Your relations with other public service providers, including private and third sector bodies.

2. At this stage, we only have the high level settlement for local government for the next three years. Although this is extremely helpful for initial high level budget plans, detailed budgeting work requires the settlements for individual Councils which will not be known until December.

Increasing demand for services

3. What projections have you made in terms of the increasing demand on your Council for services, including interaction with other public service providers?

4. We envisage that the numbers of older people will increase by around 5% each year for a number of years to come, and that increasing numbers of children and young adults with significant disabilities will also continue. Both of these demographic factors are likely to increase demands on social care services.

5. The Council is taking positive steps to address these increasing demands through its agreement with NHS Highland to move to a single lead agency model for the delivery of education, health and social care services for adults and children (see “Public Service Reform” section). The Council will become the lead agency for Children’s Services, while NHS Highland will become the lead agency for adult’s services. All services will be organised around specific, individual needs.

6. Several national changes will impact upon demand for Council Services, but projections are difficult due to continuing absence of firm detail as to what is expected to be delivered at local level.

7. An example is the local impact of preparation for, and implementation of the national Welfare Reform Agenda, which will have major implications for how customers (especially the vulnerable and infirm) are supported
locally in this widespread rural area, and interact with the new (mainly online) way of working. Even although DWP budgets may reduce, the overall cost to the public purse will need to reflect the additional functions and burdens passed to local level. On the computer side, expensive legacy systems and trained members of staff will need to be maintained in parallel with Universal Credit as it is planned for in 2012/2013 and phased in over the period from 2013 to 2017.

8. Another related example is the additional development work and staff training etc necessary for the introduction of a local Council Tax reduction scheme. Projections of future cost falling to be met by the Council are impossible until detailed arrangements are known. Here also a planned reduction of 10% in the national budget for funding the entitlement of qualifying Council Taxpayers will have financial consequences.

9. For money advice and welfare services we have witnessed an increase in demand for services. This demand has arisen alongside rising unemployment and as welfare reforms have been introduced and anticipated. In 2010/11 34,598 customers contacted the CAB network in Highland (nearly a 12% increase on 2009/10). The Council invests over £1m annually in service delivery contracts with the CAB providers. Similarly contact with the Council’s small in-house money advice team saw a rise from 1863 customers seeking help in 2009/10 to 2074 in 2010/11. Data prior to 2009/10 was collected differently, but increases were seen also for both service providers from 2006/7. We do not expect demand for this service to fall in the short term and it may rise further as the cost of living and wage freezes add to the financial difficulty among the working population. The Highlands are disproportionately affected by energy prices for domestic and travel use.

10. With no increase in funding available for either the in-house or outsourced service to CAB, a best value review is currently underway to ensure that new contracts and services from 2012 onwards are run as efficiently and effectively as possible.

Public Service Reform

11. Have you already planned any changes to the ways in which you provide services and work with other public sector bodies? If so, please provide examples.

12. The Council with NHS Highland has agreed to move to a single lead agency model for the delivery of care services for adults and children. This will mean the transfer of over 1000 staff and £90m of annual budgets with a view to removing duplication and improving the service and outcomes for people. The NHS will take responsibility for the delivery of social care and health services for adults and the Council will take responsibility for the delivery of health and social care services for
children. The new arrangements are to be effective from April 2012. The Government’s change fund and integrated resource framework are supporting this work.

13. Highland Council has a commitment to developing shared services and can evidence a number of projects which are delivering savings through sharing facilities and services with Northern Constabulary and other councils in the Highlands and Islands. These include:

- Pathfinder North Broadband Project.
- Delivery of Shared Training for Revenues and Benefits with Western Isles Council.
- Early consideration of sharing ICT infrastructure and Revenues and Benefits application with Moray Council
- Partnership approach to delivery of national outcomes through the single Outcome Agreement

14. The Council has also developed a Corporate Improvement Programme which is designed to save £19m over three years through a number of projects such as Asset Management, Business Support functions, procurement, transport, income generation and mobile and flexible working.

15. Has your Council taken any steps to move from a resource-based distribution system to a system which is based on outcomes?

16. Yes, as above.

Overall funding levels

17. How will the Draft Budget impact on your revenue income in 2012-13?

18. The flat settlement suggests an improvement in the Council’s forecast position for 2012/13 which was based on a 1.7% reduction in revenue grant funding. However, the detailed grant settlement for individual Councils will not be known until December, and the grant distribution system will result in a range of outcomes at individual Council level.

19. What do you see as the longer-term implications of the three-year settlement, including the implications of continuing the freeze on council tax?

20. The flat cash settlements for 2013/14 and 2014/15 and the continuing freeze on council tax mean that the Council must continue to make fundamental changes to service delivery. This requires a supportive approach from the Scottish Government and government policies which take into account the difficult financial challenges facing the Council.
Reducing expenditure

21. What plans do you have for —

- Prioritising specific services and ringfencing funding for them?
- Discontinuing services or financial provision to external providers for services?

22. The Council is looking at a range of specific services and examples of particular actions are set out below

- Achieving further efficiency savings in 2012-13?

23. The Council’s Corporate Improvement Programme (CIP) over a three year period will deliver savings of £19million for the Council. The Council will continue to progress its work on efficiency and service improvement and is currently scoping out the continuation of (CIP) beyond June 2012 to ensure that further efficiencies are identified to support expected budget reductions beyond 2012.

24. In 2011/12 total cashable savings identified as a result of the work of the CIP was £5.406m with £6.563M anticipated for 2012/13.

- Introducing new or increasing existing charges for services?

25. The Programme includes an Income Generation Project which has introduced a corporate approach to charging and resulted in improved income from reviewing current charges and introducing new charges.

- Further reducing staff budgets?

26. As Service budgets reduce, given that staffing is the main component, staffing levels will also reduce. (Currently 600 posts are expected to go with effective workforce management between 2011/12 and 2012/13).

27. The Corporate Improvement Programme includes significant projects to improve back-office services and is implementing a new corporate Business Support Service which will reduce associated staffing posts by 20% with an improvement in business processes and technology to enable services to be delivered with fewer staff resources.

- Making savings in contracts and procurement?

28. The Corporate Improvement Programme also includes a Procurement Project and the Council has a corporate approach which is delivering savings across all council services. It is envisaged procurement will continue to be part of the future efficiency programme.
• Outsourcing services?

29. The Council has a mixed economy of service delivery and delivers some significant services through outsourcing arrangements. The Council’s ICT Service is delivered by Fujitsu Services under a five year contract that will deliver £6.75million in savings and see a significant investment in new technology to support business improvement and educational outcomes. The Council has also outsourced some of its home care services, grounds maintenance and design services. The Council has recently created a new arms length organisation to deliver all its culture, sports and leisure services. This will achieve annual savings of £1million.

**Capital Spending**

30. What impact has the reduction in capital spending had on your Council’s ongoing capital investment plan?

31. The Council will have to consider formally whether it can maintain the same level of capital programme given a decline in capital funding. If the programme is maintained, alternative funding sources would have to be identified. If additional borrowing was incurred, the ongoing loan charges and implications for revenue budgets would need to be considered.

32. At this stage in the budget process it is anticipated that the Council’s capital programme will be maintained.

**Equal Pay**

33. Have you made provision for potential settlements of equal pay claims and, if so, what proportion of your budget is this likely to represent? How many cases are still outstanding?

34. The Council has made provision for Equal Pay of £3.8million and continues to work with trade unions to reach a settlement with claimants. At present the money set aside is sufficient to meet the council’s liabilities.

**Welfare reform and other legislation**

35. Have you been able to quantify the additional burdens on your Council that will result from the UK Government’s Welfare Reform Bill?

36. No. The Bill is still in progress through Parliament and there are insufficient details to allow a proper financial assessment. (See comments in paragraph above). There is a real danger of underfunding of Councils in the lead up and transition to Universal Credit.
37. There are concerns about the increased demands upon Council Services where some clients may not cope in future - either with how they will be expected to interface with the new DWP-led regime, or how they will survive financially.

38. Are there other areas of potential new legislation or regulation (European Union, UK Government or Scottish Government) that you think will add to the burdens on your Council?

39. One area may be the external scrutiny of community planning partnerships in the delivery of the single outcome agreement; unless additional scrutiny in this area lead to a subsequent reduction in scrutiny elsewhere.

Other issues

• Are there any other issues that you would like to draw to the attention of the Committee?

40. It is important not to lose sight of the importance of maintaining collection rates for Council Tax, Non Domestic Rates and Council House rents as authorities are affected by Welfare Reform.

The Highland Council

28 October 2011